



**Local Agency  
Formation Commission**  
**LAFCO of Napa County**

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**AUGUST 7, 2006**  
**AGENDA ITEM NO. 7a**

July 27, 2006

TO: Local Agency Formation Commission

FROM: Keene Simonds, Executive Officer

SUBJECT: **Comprehensive Study of Sanitation/Wastewater Treatment Providers  
(Action)**

Staff is presenting written determinations regarding the sewer service operations for five of the six special districts included in the *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations address the nine service factors required for consideration as part of the Commission's service review mandate and are being presented for adoption as part of five separate draft resolutions.

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At its June 5, 2006 meeting, staff presented the Commission with written determinations for five of the six special districts included in the *Comprehensive Study of Sanitation/Wastewater Treatment Providers*. These determinations were presented for a first-reading and address the nine service factors required for consideration as part of the Commission's service review mandate. Following the June meeting, a 30-day notice of review was circulated to each affected agency. Comments were received from the Circle Oaks County Water District and the Lake Berryessa Resort Improvement District. Staff has revised two determinations based on these comments. Staff has also prepared a new determination for the Circle Oaks County Water District. These changes are discussed below. No other substantive changes have been made.

Draft resolutions codifying determinations for each affected agency have been prepared and are being presented for adoption by the Commission. These draft resolutions making determinations with respect to the sewer service operations of the five affected agencies would fulfill the Commission's service review mandate under Government Code §56430.

Revision No. 1 (Circle Oaks County Water District):

In the report received by the Commission in June, Determination 9(a) under the "Evaluation of Management Efficiencies" section read:

The Circle Oaks County Water District is currently preparing its first annual audit of financial records in several years. It is important that the District continue to prepare an annual audit of its financial records in a timely manner to foster accountable and transparent management.

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Dr. Andrew Alexander, Vice-Chair  
Mayor, City of Calistoga

Kevin Block, Commissioner  
Councilmember, City of Napa

Cindy Coffey, Alt. Commissioner  
Councilmember, City of American Canyon

Bill Dodd, Chair  
Supervisor, 4th District

Brad Wagenknecht, Commissioner  
Supervisor, 1st District

Mark Luce, Alt. Commissioner  
Supervisor, 2nd District

Guy Kay, Commissioner  
Representative of the General Public

Brian Kelly, Alt. Commissioner  
Representative of the General Public

Keene Simonds  
Executive Officer

The Circle Oaks County Water District has advised staff that it has prepared audits for all years up to the fiscal year ending June 30, 2006. The District acknowledges that not all audits have been filed with the County of Napa Auditor or State Controller as required under Government Code §26909. Based on this input, staff has revised the determination to read:

It is important that the Circle Oaks County District file copies of its annual audits with the County of Napa Auditor and State Controller in a timely manner. These efforts will enhance the ability of constituents and officials to review and keep current with the financial management of the District.

Revision No. 2 (Lake Berryessa Resort Improvement District):

In the report received by the Commission in June, Determination 4(g) under the “Financing Constraints and Opportunities” section read:

The California Regional Water Quality Control Board recently fined the Lake Berryessa Resort Improvement District \$400,000 for repeated sewer discharges into the Lake Berryessa watershed. Additionally, because of non-payment, the State of California has sued the District for additional violations relating to the discharges for a total amount of approximately \$2,700,000. It is unknown whether the District could remain solvent if required to pay a judgment or settlement in or near this amount.

The Lake Berryessa Resort Improvement District has advised staff that the lawsuit filed against it by the State of California is for the remainder of violations that occurred during the repeated discharges that the District was previously fined \$400,000, and not due to non-payment. Based on this input, staff has revised the determination to read:

The California Regional Water Quality Control Board recently fined the Lake Berryessa Resort Improvement District \$400,000 for repeated sewer discharges into the Lake Berryessa watershed. The State of California has also sued the District for the remainder of the violations associated with these repeated discharges for approximately \$2,700,000. It is unknown whether the District could remain solvent if required to pay a judgment or settlement in or near this amount.

New Determination (Circle Oaks County Water District):

In April 2006, the Circle Oaks County Water District Board adopted a policy not to permit new connections to its sewer system until improvements are made to address its Cleanup and Abatement Order from the Regional Water Quality Control Board. This includes completing an inflow and infiltration study of the collection system to address suspected deficiencies regarding excessive storm and groundwater intrusion. Accordingly, staff has added the following determination to the “Local Governance and Accountability” section:

The Circle Oaks County Water District recently adopted a policy not to permit new connections to its sewer system until improvements are made to address its Cleanup and Abatement Order from the Regional Water Quality Control Board. The District should make a concerted effort to address the concerns of the Regional Water Quality Control Board in a timely and transparent manner. These efforts will help to ensure the safe operation of the sewer system while keeping constituents informed of the goals, costs, and benefits of all related projects.

### **RECOMMENDATION**

It is recommended for the Commission to take the following actions:

- 1) Approve the form of the attached draft resolution making determinations with respect to the sewer service operations of the Circle Oaks County Water District pursuant to California Government Code §56430; and
- 2) Approve the form of the attached draft resolution making determinations with respect to the sewer service operations of the Lake Berryessa Resort Improvement District pursuant to California Government Code §56430; and
- 3) Approve the form of the attached draft resolution making determinations with respect to the sewer service operations of the Napa-Berryessa Resort Improvement District pursuant to California Government Code §56430; and
- 4) Approve the form of the attached draft resolution making determinations with respect to the sewer service operations of the Napa River Reclamation District No. 2109 pursuant to California Government Code §56430; and
- 5) Approve the form of the attached draft resolution making determinations with respect to the sewer service operations of the Spanish Flat Water District pursuant to California Government Code §56430.

Respectfully submitted,

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Keene Simonds  
Executive Officer

Attachments:

- 1) Draft Resolution: COCWD
- 2) Draft Resolution: LBRID
- 3) Draft Resolution: NBRID
- 4) Draft Resolution: NRRD
- 5) Draft Resolution: SFWD

**RESOLUTION NO. \_\_\_\_**

**RESOLUTION OF  
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY  
MAKING DETERMINATIONS**

**COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS  
SERVICE REVIEW  
CIRCLE OAKS COUNTY WATER DISTRICT**

**WHEREAS**, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

**WHEREAS**, the Commission adopted a schedule for service reviews on October 11, 2001; and

**WHEREAS**, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public sewer service in Napa County, which includes territory served by the Circle Oaks County Water District; and

**WHEREAS**, pursuant to its adopted schedule, the Commission held a public meeting on the “Comprehensive Study of Sanitation/Wastewater Treatment Providers”, including the review of the Circle Oaks County Water District’s sewer services, on October 3, 2005; and

**WHEREAS**, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at its public meeting on October 3, 2005 and at meetings of the Commission on June 5, 2006 and August 7, 2006; and

**WHEREAS**, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER** as follows:

**COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS  
SERVICE REVIEW  
CIRCLE OAKS COUNTY WATER DISTRICT**

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
  
2. The Commission adopts the statement of determinations set forth in “Exhibit A” which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 7<sup>th</sup> day of August, 2006, by the following vote:

AYES:           Commissioners           \_\_\_\_\_

NOES:           Commissioners           \_\_\_\_\_

ABSTAIN:       Commissioners           \_\_\_\_\_

ATTEST:       EXECUTIVE OFFICER

Clerk of the Commission

By: \_\_\_\_\_

## **EXHIBIT A**

### **COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS SERVICE REVIEW CIRCLE OAKS COUNTY WATER DISTRICT**

#### **STATEMENT OF DETERMINATIONS**

1. With respect to general policies [Government Code §56430], the Commission determines that:
  - a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the Circle Oaks County Water District remain valid and appropriate.
  
2. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
  - a) The Circle Oaks County Water District's sewer system collects and provides primary treatment of wastewater before it is discharged into one of three storage ponds for evaporation. This is a basic level of sewer service that is regulated by the California Regional Water Quality Control Board.
  - b) The sewer system for the Circle Oaks County District has adequate collection, treatment, and discharge capacities to meet existing service demands within its jurisdiction under normal conditions.
  - c) The Circle Oaks County Water District requires a comprehensive facilities plan regarding its sewer service operations. The plan should evaluate the adequacy of existing facilities to meet present and future system demands, offer recommendations as part of a long-term capital improvement program, and evaluate funding requirements and opportunities.
  - d) The ability of the Circle Oaks County Water District to effectively quantify its capacity to serve new growth would be measurably strengthened by preparing a comprehensive facilities plan for its sewer system.
  - e) Central components of the Circle Oaks County Water District's sewer system have been in operation since the early 1960s. The age of the system underscores the importance for the District to emphasize preventive maintenance to help ensure its continued safe and effective operation.

Exhibit A

- f) The Circle Oaks County Water District is operating under a Cleanup and Abatement Order from the California Regional Water Quality Control Board. This order, which was prompted by suspected deficiencies regarding excessive storm and groundwater intrusion into the collection system, reflects the need for the District to make timely improvements to its sewer system.
3. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:
    - a) The Circle Oaks County Water District is under the land use authority of the County of Napa. Land located in the District is designated *Agriculture, Watershed and Open Space* and is primarily zoned *Residential Single*. This zoning standard requires a minimum parcel size of 0.18 acres, which is consistent with existing lot densities and limits additional subdivision and related growth from occurring in the District.
    - b) Land located outside and adjacent to the Circle Oaks County Water District is designated by the County of Napa as *Agriculture, Watershed and Open Space*. This designation discourages the Commission from approving annexations to the District based on its policy to direct the extension of municipal services away from land designated agriculture or open-space under the County General Plan.
    - c) The Circle Oaks County Water District has enforced a moratorium on new water service connections since 2000. This moratorium has suspended growth in the District because property owners are unable to secure a building permit from the County of Napa without documentation of an available water supply.
    - d) The population per household projection issued by the California Department of Finance for Napa County is an appropriate indicator to estimate the resident service population of the Circle Oaks County Water District. Making use of the current per household projection, the estimated resident service population of the District is 495.
4. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:
    - a) The ability of the Circle Oaks County Water District to generate revenue for its sewer system has been constrained by the lack of planned development within its jurisdictional boundary.
    - b) The lack of planned development in the Circle Oaks County Water District has resulted in a confined customer base. This confined customer base diminishes the District's ability to establish economies of scale with respect to spreading out service costs for the benefit of its constituents.

Exhibit A

- c) In the fiscal year evaluated (FY02-03), expenses for the Circle Oaks County Water District relating to its sewer service operations were in excess of its revenues. The District has made a concerted effort to examine its financial situation to rectify its cost-to-income relationship to avoid future shortfalls.
  - d) The Circle Oaks County Water District is subject to significant fluctuations in its annual sewer service costs, which have contributed to past operating shortfalls. These shortfalls are symptomatic of the District serving a confined number of customers while maintaining an aging infrastructure system prone to repairs, improvements, and increasing regulatory standards.
  - e) The Circle Oaks County Water District recently secured a low-interest loan from the California Special Districts Association in the amount of \$350,000. This loan will help the District fund necessary improvements to its sewer system to comply with its Cleanup and Abatement Order issued by the California Regional Water Quality Control Board.
  - f) The Circle Oaks County Water District has made measurable progress over the past two years in replenishing its cash reserves. The accumulation of reserves decreases the District's dependency on loans, grants, or special assessments to help fund emergency repairs or capital improvements.
5. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:
- a) The Circle Oaks County Water District's decision to contract for sewer and water service operations with Phillips and Associates provides it with cost-savings relating to salaries, benefits, training, and certification.
  - b) The Circle Oaks County Water District recently entered into an agreement with the County of Napa for legal services. This agreement provides significant cost-savings for the District by establishing maximum annual service charges for legal services.
6. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:
- a) Sewer services for the Circle Oaks County Water District are primarily funded by a flat monthly availability charge, which is assigned to all developed lots within its jurisdictional boundary. Revenue generated from this charge is currently limited to recovering operational costs.

Exhibit A

- b) The Circle Oaks County Water District's dependency on its flat monthly availability charge to fund its sewer system underscores the importance for the District to ensure that this charge adequately recovers all operational costs while sufficiently funding reserves.
- 7. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:
  - a) The Circle Oaks County Water District is restricted from participating in cost-sharing activities with other agencies, such as joint-use facilities and projects, due to its isolated service location.
  - b) The Circle Oaks County Water District should consult with the Napa County Mosquito Abatement District regarding its sewer service operations. This will help to control vectors and vector-borne diseases within the Circle Oaks community.
- 8. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:
  - a) The Circle Oaks County Water District is the only public agency authorized to provide sewer service within its jurisdictional boundary.
  - b) The Circle Oaks County Water District has been successful in achieving its original service objective to provide sewer and water service to the Circle Oaks community. The District continues to serve as an appropriate instrument in meeting the service needs of the community by localizing costs for the direct benefit of its constituents.
- 9. With respect to evaluation of management efficiencies [Government Code §56430(a) (8)], the Commission determines that:
  - a) The Circle Oaks County Water District has made a concerted effort over the past two years to formalize its administrative operations by establishing written policies and procedures defining the responsibilities of staff and designated representatives. These efforts have contributed to a more efficient system of administration and enhanced decision-making.
  - b) It is important that the Circle Oaks County Water District file copies of its annual audits with the County of Napa Auditor and State Controller in a timely manner. These efforts will enhance the ability of constituents and officials to review and keep current with the financial management of the District.

Exhibit A

- c) Staff for the Circle Oaks County Water District should continue its efforts to remind constituents of the relationship between operational costs, service levels, and sewer rates.
  - d) The Circle Oaks County Water District should evaluate and establish performance measures that are consistent with the service needs and preferences of its constituents.
10. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:
- a) The Circle Oaks County Water District makes reasonable efforts to maintain public dialogue with its constituents. This includes conducting regularly scheduled meetings, distributing newsletters, posting service information on the District website, and soliciting comments from constituents. These efforts facilitate local accountability and contribute towards public involvement in local governance.
  - b) The Circle Oaks County Water District is governed by a five-member board of directors. Directors serve voluntarily and are elected by and accountable to the registered voters residing in the District.
  - c) The Circle Oaks County Water District should make a concerted effort to consult and address the needs of property owners that have been unable to establish residency in the District due to the current moratorium on new water service connections.
  - d) The ability of the Circle Oaks County District to maintain a full number of board members, whether through election or by appointment, remains a challenge due to a lack of willing volunteers in the community.
  - e) The long-term effectiveness and solvency of the Circle Oaks County Water District is dependent on its constituents recognizing that they are accountable to fund and govern the District.
  - f) The Circle Oaks County Water District recently adopted a policy not to permit new connections to its sewer system until improvements are made to address its Cleanup and Abatement Order from the Regional Water Quality Control Board. The District should make a concerted effort to address the concerns of the Regional Water Quality Control Board in a timely and transparent manner. These efforts will help to ensure the safe operation of the sewer system while keeping constituents informed of the goals, costs, and benefits for all related projects.

**RESOLUTION NO. \_\_\_\_**

**RESOLUTION OF  
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY  
MAKING DETERMINATIONS**

**COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS  
SERVICE REVIEW  
LAKE BERRYESSA RESORT IMPROVEMENT DISTRICT**

**WHEREAS**, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

**WHEREAS**, the Commission adopted a schedule for service reviews on October 11, 2001; and

**WHEREAS**, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public sewer service in Napa County, which includes territory served by the Lake Berryessa Resort Improvement District; and

**WHEREAS**, pursuant to its adopted schedule, the Commission held a public meeting on the “Comprehensive Study of Sanitation/Wastewater Treatment Providers”, including the review of the Lake Berryessa Resort Improvement District’s sewer services, on October 3, 2005; and

**WHEREAS**, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at its public meeting on October 3, 2005 and at meetings of the Commission on June 5, 2006 and August 7, 2006; and

**WHEREAS**, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER** as follows:

**COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS  
SERVICE REVIEW  
LAKE BERRYESSA RESORT IMPROVEMENT DISTRICT**

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
  
2. The Commission adopts the statement of determinations set forth in "Exhibit A," which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 7<sup>th</sup> day of August, 2006, by the following vote:

AYES:           Commissioners           \_\_\_\_\_

NOES:           Commissioners           \_\_\_\_\_

ABSTAIN:       Commissioners           \_\_\_\_\_

ATTEST:       EXECUTIVE OFFICER

Clerk of the Commission

By: \_\_\_\_\_

## EXHIBIT A

### COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS SERVICE REVIEW LAKE BERRYESSA RESORT IMPROVEMENT DISTRICT

#### STATEMENT OF DETERMINATIONS

1. With respect to general policies [Government Code §56430], the Commission determines that:
  - a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the Lake Berryessa Resort Improvement District remain valid and appropriate.
  
2. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
  - a) The Lake Berryessa Resort Improvement District's sewer system collects and provides secondary treatment of wastewater before it is discharged into one of seven storage ponds for evaporation. This is an elevated level of sewer service that is regulated by the California Regional Water Quality Control Board.
  - b) The sewer system for the Lake Berryessa Resort Improvement District is at capacity with regard to meeting existing service demands within its jurisdiction under normal conditions. Improvements are needed to help solidify the ability of the District to adequately collect, treat, and discharge existing service demands as well as to serve new growth.
  - c) The Lake Berryessa Resort Improvement District requires a comprehensive facilities plan for its sewer service operations. The plan should evaluate the adequacy of existing facilities to meet present and future system demands, offer recommendations as part of a capital improvement program, and evaluate funding requirements and opportunities.
  - d) The ability of the Lake Berryessa Resort Improvement District to effectively quantify its capacity to serve new growth would be measurably strengthened by preparing a comprehensive facilities plan for its sewer system.
  - e) Central components of the Lake Berryessa Resort Improvement District's sewer system have been in operation since the late 1960s. The age of the system underscores the importance for the District to emphasize preventive maintenance to help ensure its continued safe and effective operation.

Exhibit A

- f) The Lake Berryessa Resort Improvement District is operating under a Cease and Desist Order from the California Regional Water Quality Control Board. This order, which was issued in 1996, requires the District to design, fund, and complete significant infrastructure improvements to its sewer system to comply with its discharge permit.
  - g) The California Regional Water Quality Control Board recently issued a Civil Liability Complaint against the Lake Berryessa Resort Improvement District for failure to make necessary and timely improvements to its sewer system. The complaint includes a \$400,000 fine and formalizes a claim by the Regional Board that the District has been inattentive in abating reoccurring sewer spills into the Lake Berryessa watershed.
  - h) The Lake Berryessa Resort Improvement District has identified approximately \$2,000,000 in needed capital improvements to its sewer system to comply with the adopted requirements of the California Regional Water Quality Control Board.
  - i) The actions by the California Regional Water Quality Control Board reflect the need for the Lake Berryessa Resort Improvement District to make timely improvements to its sewer system.
3. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:
- a) The Lake Berryessa Resort Improvement District is under the land use authority of the County of Napa. Land located within the District's primary service area, the subdivided phase of Berryessa Estates, is designated and zoned *Rural Residential* and *Planned Development*, respectively. This zoning standard does not require a minimum parcel size, which allows for additional subdivision and related growth to occur within the District upon approval by the County.
  - b) Land located outside and adjacent to the Lake Berryessa Resort Improvement District is designated by the County of Napa as *Agriculture, Watershed and Open Space*. This designation discourages the Commission from approving annexations to the District based on its policy to direct the extension of municipal services away from land designated agriculture or open-space under the County General Plan.
  - c) There are a number of undeveloped parcels located within the Lake Berryessa Resort Improvement District. This includes an estimated 190 undeveloped lots within the existing subdivided phase of Berryessa Estates. Development of these lots would significantly increase the service population of the District and result in one of the largest unincorporated communities in Napa County.

Exhibit A

- d) The population per household projection issued by the California Department of Finance for Napa County is an appropriate indicator to estimate the resident service population of the Lake Berryessa Resort Improvement District. Making use of the current projection, the estimated resident service population of the District is 427.
4. With respect to financing constraints and opportunities [Government Code §56430(a)(3)], the Commission determines that:
- a) The ability of the Lake Berryessa Resort Improvement District to generate revenues for its sewer system has been constrained by the lack of planned development within the Berryessa Estates community.
  - b) The lack of planned development in the Lake Berryessa Resort Improvement District has resulted in a confined customer base. This confined customer base diminishes the District's ability to establish economies of scale with respect to spreading out service costs for the benefit of its constituents.
  - c) In the fiscal year evaluated (FY03-04), expenses for the Lake Berryessa Resort Improvement District for sewer and water services were in excess of its revenues. The District has made a concerted effort over the past two years to examine its financial situation to rectify its cost-to-income relationship to avoid future shortfalls.
  - d) The Lake Berryessa Resort Improvement District is subject to measurable fluctuations in its annual sewer service costs, which have contributed to past operating shortfalls. These shortfalls are symptomatic of the District serving a confined number of customers while maintaining an aging infrastructure system prone to repairs, improvements, and increasing regulatory standards.
  - e) A key source of funding for the Lake Berryessa Resort Improvement District's sewer service operations is drawn from its variable monthly usage charge. Because this charge is based on the amount of potable water metered to the affected customer, funding for the sewer system is adversely affected by decreases in water use in the District.
  - f) The Lake Berryessa Resort Improvement District supplements its revenue drawn from its monthly sewer service charges with two special assessments. These special assessments provide critical funding streams for the District and help minimize service rates increases.



7. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:
  - a) The Lake Berryessa Resort Improvement District maintains an informal relationship with the Napa-Berryessa Resort Improvement District to share equipment and materials as needed. This relationship, which is facilitated by the County of Napa, also provides the District with access to supplemental staff and the ability to pursue joint-use projects.
  - b) The Lake Berryessa Resort Improvement District should consult with the Napa County Mosquito Abatement District regarding its sewer service operations. This will help to control vectors and vector-borne diseases within the Berryessa Estates community.
  
8. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:
  - a) The Lake Berryessa Resort Improvement District is the only public agency authorized to provide sewer service within its jurisdictional boundary.
  - b) The Lake Berryessa Resort Improvement District was formed to provide a broad range of municipal services for the Berryessa Estates community. However, due to an amendment to its principal act, the District is limited to providing only sewer and water service. Additional analysis is needed to determine whether any of the omitted services, which include public recreation and fire protection, are desired or warranted in the community.
  - c) As part of the *Comprehensive Water Service Study*, the Commission determined the need for a governance study to evaluate the options and merits of reorganizing the Lake Berryessa Resort Improvement District. This includes examining the merits of consolidating the District with the Napa-Berryessa Resort Improvement District and Spanish Flat Water District to establish economies of scale and formalize service provision in the Lake Berryessa area. It is expected that this governance study will be completed prior to the next scheduled service review of all three districts.
  
9. With respect to evaluation of management efficiencies [Government Code §56430(a) (8)], the Commission determines that:
  - a) The Lake Berryessa Resort Improvement District provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. The District's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.

Exhibit A

- b) Management for the Lake Berryessa Resort Improvement District makes a concerted effort to identify and communicate the needs of the District to the Board as part of its annual budget process. These efforts help to inform the decision-making process of the Board to allocate the District's resources efficiently and effectively.
  - c) The Lake Berryessa Resort Improvement District has made a concerted effort over the past two years to examine and improve its solvency to avoid future operating shortfalls. These efforts strengthen the credibility and effectiveness of the District to manage the present and future needs of its constituents.
  - d) Management for the Lake Berryessa Resort Improvement District should ensure that all documents, including reports, agendas, and minutes, be written on District letterhead rather than on the letterhead of the County of Napa. This will help to strengthen the distinction that the District is the governmental entity responsible for providing sewer and water service to the Berryessa Estates community.
  - e) The Lake Berryessa Resort Improvement District should evaluate and establish performance measures that are consistent with the service needs and preferences of its constituents.
10. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:
- a) The Lake Berryessa Resort Improvement District makes reasonable efforts to maintain public dialogue with its constituents. This includes conducting regularly schedule meetings, attending local community meetings, and distributing newsletters to constituents. These efforts help to facilitate local accountability and contribute towards public involvement in local governance.
  - b) The Lake Berryessa Resort Improvement District is governed by the Napa County Board of Supervisors who are elected by and accountable to registered voters residing in their assigned ward. This governance system diminishes local accountability because constituents of the District are limited to voting for only one of five board members.
  - c) The Napa County Board of Supervisors should consider delegating governance of the Lake Berryessa Resort Improvement District to a five-member board of directors pursuant to Public Resources Code §13032. This action, which would establish a board comprising four elected residents and one supervisor representing the affected ward, would help to improve local accountability and strengthen community participation in District activities.

Exhibit A

- d) It is important that the Lake Berryessa Resort Improvement District make a concerted effort to remind constituents that it – and not the County of Napa – is the designated sewer and water authority for the community.
- e) The long-term effectiveness and solvency of the Lake Berryessa Resort Improvement District is dependent on its constituents recognizing that they are accountable to fund the operations of the District.

**RESOLUTION NO. \_\_\_\_**

**RESOLUTION OF  
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY  
MAKING DETERMINATIONS**

**COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS  
SERVICE REVIEW  
NAPA-BERRYESSA RESORT IMPROVEMENT DISTRICT**

**WHEREAS**, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

**WHEREAS**, the Commission adopted a schedule for service reviews on October 11, 2001; and

**WHEREAS**, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public sewer service in Napa County, which includes territory served by the Napa-Berryessa Resort Improvement District; and

**WHEREAS**, pursuant to its adopted schedule, the Commission held a public meeting on the “Comprehensive Study of Sanitation/Wastewater Treatment Providers”, including the review of the Napa-Berryessa Resort Improvement District’s sewer services, on October 3, 2005; and

**WHEREAS**, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at its public meeting on October 3, 2005 and at meetings of the Commission on June 5, 2006 and August 7, 2006; and

**WHEREAS**, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER** as follows:

**COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS  
SERVICE REVIEW  
NAPA-BERRYESSA RESORT IMPROVEMENT DISTRICT**

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
  
2. The Commission adopts the statement of determinations set forth in "Exhibit A," which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 7<sup>th</sup> day of August, 2006, by the following vote:

AYES:           Commissioners           \_\_\_\_\_

NOES:           Commissioners           \_\_\_\_\_

ABSTAIN:       Commissioners           \_\_\_\_\_

ATTEST:       EXECUTIVE OFFICER

Clerk of the Commission

By: \_\_\_\_\_

## EXHIBIT A

### COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS SERVICE REVIEW NAPA-BERRYESSA RESORT IMPROVEMENT DISTRICT

#### STATEMENT OF DETERMINATIONS

1. With respect to general policies [Government Code §56430], the Commission determines that:
  - a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the Napa-Berryessa Resort Improvement District remain valid and appropriate.
  
2. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
  - a) The Napa-Berryessa Resort Improvement District's sewer system collects and provides secondary treatment of wastewater before it is discharged through a spray irrigation system onto District-owned lands. This is an elevated level of sewer service that is regulated by the California Regional Water Quality Control Board.
  - b) The sewer system for the Napa-Berryessa Resort Improvement District requires improvements to its discharge capacity to adequately meet existing service demands in order to comply with the requirements of the California Regional Water Quality Control Board.
  - c) The Napa-Berryessa Resort Improvement District recently completed a comprehensive facilities plan for its sewer and water service operations. This plan includes a recommended capital improvement program that identifies approximately \$5,200,000 in needed sewer infrastructure upgrades.
  - d) The ability of the Napa-Berryessa Resort Improvement District to adequately meet existing sewer service demands and to serve new growth is dependent on financing and implementing the infrastructure improvements identified in its comprehensive facilities plan.
  - e) Central components of the Napa-Berryessa Resort Improvement District's sewer system have been in operation since the late 1960s. The age of the system underscores the importance for the District to emphasize preventive maintenance to help ensure its continued safe and effective operation.

3. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:
  - a) The Napa-Berryessa Resort Improvement District is under the land use authority of the County of Napa. The District's primary service area includes two subdivided phases of Berryessa Highlands that are designated *Agriculture, Watershed and Open-Space* and *Rural Residential*. Zoning for Berryessa Highlands is *Planned Development*. This zoning standard does not require a minimum parcel size, which allows for additional subdivision and related growth to occur within the District upon approval by the County.
  - b) Land located outside and adjacent to the Napa-Berryessa Resort Improvement District is designated by the County of Napa as *Agriculture, Watershed and Open Space*. This designation discourages the Commission from approving annexations to the District based on its policy to direct the extension of municipal services away from land designated agriculture or open-space under the County General Plan.
  - c) There are a number of undeveloped parcels located within the Napa-Berryessa Resort Improvement District. This includes an estimated 230 undeveloped lots within the two existing subdivided phases of Berryessa Highlands. Development of these lots would significantly increase the service population of the District and result in one of the largest unincorporated communities in Napa County.
  - d) The Napa-Berryessa Resort Improvement District serves two distinct service populations. This includes serving full-time residents within the Berryessa Highlands community and part-time residents at the Steele Park Resort.
  - e) The population per household projection issued by the California Department of Finance for Napa County is an appropriate indicator to estimate the resident service population of the Napa-Berryessa Resort Improvement District. Making use of on the current projection, the estimated year-round and part-time resident service populations of the District are 865 and 597, respectively.
  
4. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:
  - a) The ability of the Napa-Berryessa Resort Improvement District to generate revenues for its sewer system has been constrained by the lack of planned development within its primary service area, Berryessa Highlands.
  - b) The lack of planned development in the Napa-Berryessa Resort Improvement District has resulted in a confined customer base. This confined customer base diminishes the District's ability to establish economies of scale with respect to spreading out service costs for the benefit of its constituents.

Exhibit A

- c) In the fiscal year evaluated (FY03-04), the Napa-Berryessa Resort Improvement District experienced a revenue surplus of approximately \$50,000 for its sewer and water systems. This surplus contrasts with the prior fiscal year (FY02-03) in which the District experienced a shortfall of approximately \$29,000.
  - d) The Napa-Berryessa Resort Improvement District is subject to significant fluctuations in its annual sewer service costs, which have contributed to past operating shortfalls. These shortfalls are symptomatic of the District serving a confined number of customers while maintaining an aging infrastructure system prone to repairs, improvements, and increasing regulatory standards.
  - e) A key source of funding for the Napa-Berryessa Resort Improvement District's sewer service operations is drawn from its variable monthly usage charge. Because this charge is based on the amount of potable water metered to the affected customer, funding for the sewer system is adversely affected by decreases in water use in the District.
5. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:
- a) The Napa-Berryessa Resort Improvement District benefits from cost-savings associated with its relationship with the County of Napa. Savings drawn from this relationship include providing the District with administrative and operational support relating to engineering and legal services at a cost below market value.
6. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:
- a) The Napa-Berryessa Resort Improvement District's sewer service operations are primarily funded by a flat monthly available charge and a variable monthly usage charge. Both of these charges have been recently increased to more effectively recover operational costs while contributing towards funding needed capital improvements.
7. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:
- a) The Napa-Berryessa Resort Improvement District maintains an informal relationship with the Lake Berryessa Resort Improvement District to share equipment and materials as needed. This relationship, which is facilitated by the County of Napa, also provides the District with access to supplemental staff and the ability to pursue joint-use projects.

Exhibit A

- b) Based on proximity and similar service operations, the Napa-Berryessa Resort Improvement District should explore shared arrangements with the Spanish Flat Water District.
  - c) The Napa-Berryessa Resort Improvement District should consult with the Napa County Mosquito Abatement District regarding its sewer service operations. This will help to control vectors and vector-borne diseases within the Berryessa Highlands community and the Steele Park Resort.
8. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:
- a) The Napa-Berryessa Resort Improvement District is the only public agency authorized to provide sewer service within its jurisdictional boundary.
  - b) The Napa-Berryessa Resort Improvement District was formed to provide a broad range of municipal services for the Berryessa Highlands community. However, due to an amendment to its principal act, the District is limited to providing only sewer and water service. Additional analysis is needed to determine whether any of the omitted services, which include public recreation and fire protection, are desired or warranted in the community.
  - c) As part of the *Comprehensive Water Service Study*, the Commission determined the need for a governance study to evaluate the options and merits of reorganizing the Napa-Berryessa Resort Improvement District. This includes examining the merits of consolidating the District with the Lake Berryessa Resort Improvement District and the Spanish Flat Water District to establish economies of scale and formalize service provision in the Lake Berryessa area. It is expected that this governance study will be completed prior to the next scheduled service review of all three districts.
9. With respect to evaluation of management efficiencies [Government Code §56430(a) (8)], the Commission determines that:
- a) The Napa-Berryessa Resort Improvement District provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. The District's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.

- b) Management for the Napa-Berryessa Resort Improvement District makes a concerted effort to identify and communicate the needs of the District to the Board as part of its annual budget process. These efforts help to inform the decision-making process of the Board to allocate the District's resources efficiently and effectively.
  - c) Management for the Napa-Berryessa Resort Improvement District should ensure that all documents, including reports, agendas, and minutes, be written on District letterhead rather than on the letterhead of the County of Napa. This will help to strengthen the distinction that the District is the governmental entity responsible for providing sewer and water service to the Berryessa Highlands community.
  - d) The Napa-Berryessa Resort Improvement District should evaluate and establish performance measures that are consistent with the service needs and preferences of its constituents.
10. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:
- a) The Napa-Berryessa Resort Improvement District makes reasonable efforts to maintain public dialogue with its constituents. This includes conducting regularly schedule meetings, attending local community meetings, and distributing newsletters to constituents. These efforts help to facilitate local accountability and contribute towards public involvement in local governance.
  - b) The Napa-Berryessa Resort Improvement District is governed by the Napa County Board of Supervisors who are elected by and accountable to registered voters residing in their assigned ward. This governance system diminishes local accountability because constituents of the District are limited to voting for only one of five board members.
  - c) The Napa County Board of Supervisors should consider delegating governance of the Napa-Berryessa Resort Improvement District to a five-member board of directors pursuant to Public Resources Code §13032. This action, which would establish a board comprising four elected residents and one supervisor representing the affected ward, would help to improve local accountability and strengthen community participation in District activities.
  - d) It is important that the Napa-Berryessa Resort Improvement District make a concerted effort to remind constituents that it – and not the County of Napa – is the designated sewer and water authority for the community.
  - e) The long-term effectiveness and solvency of the Napa-Berryessa Resort Improvement District is dependent on its constituents recognizing that they are accountable to fund the operations of the District.

**RESOLUTION NO. \_\_\_\_**

**RESOLUTION OF  
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY  
MAKING DETERMINATIONS**

**COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS  
SERVICE REVIEW  
NAPA RIVER RECLAMATION DISTRICT NO. 2109**

**WHEREAS**, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

**WHEREAS**, the Commission adopted a schedule for service reviews on October 11, 2001; and

**WHEREAS**, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public sewer service in Napa County, which includes territory served by the Napa River Reclamation District No. 2109; and

**WHEREAS**, pursuant to its adopted schedule, the Commission held a public meeting on the “Comprehensive Study of Sanitation/Wastewater Treatment Providers”, including the review of the Napa River Reclamation District No. 2109’s sewer services, on October 3, 2005; and

**WHEREAS**, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at its public meeting on October 3, 2005 and at meetings of the Commission on June 5, 2006 and August 7, 2006; and

**WHEREAS**, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER** as follows:

**COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS  
SERVICE REVIEW  
NAPA RIVER RECLAMATION DISTRICT NO. 2109**

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
  
2. The Commission adopts the statement of determinations set forth in "Exhibit A," which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 7<sup>th</sup> day of August, 2006, by the following vote:

AYES:           Commissioners           \_\_\_\_\_

NOES:           Commissioners           \_\_\_\_\_

ABSTAIN:       Commissioners           \_\_\_\_\_

ATTEST:       EXECUTIVE OFFICER

Clerk of the Commission

By: \_\_\_\_\_

## EXHIBIT A

### COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS SERVICE REVIEW NAPA RIVER RECLAMATION DISTRICT NO. 2109

#### STATEMENT OF DETERMINATIONS

1. With respect to general policies [Government Code §56430], the Commission determines that:
  - a) Determinations adopted by the Commission as part of the *Comprehensive Study of the Napa River Reclamation District No. 2109 – Service Review* remain valid and appropriate.
  
2. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
  - a) The Napa River Reclamation District No. 2109's sewer system collects and provides secondary treatment of wastewater before it is discharged into one of two storage ponds for evaporation. This is an elevated level of sewer service that is regulated by the California Regional Water Quality Control Board.
  - b) The sewer system for the Napa River Reclamation District No. 2109 has adequate collection, treatment, and discharge capacities to meet existing service demands within its jurisdiction under normal conditions.
  - c) The Napa River Reclamation District reports that its actual daily sewer treatment capacity is 23,000 gallons, which is markedly less than its design capacity of 40,000 gallons. It appears that this discrepancy is due to the deficient sizing of the District's mound filtration system at the time of its construction.
  - d) The Napa River Reclamation District No. 2109 requires an update to its sewer facilities plan. The update should evaluate the adequacy of existing facilities to meet present and future system demands, offer recommendations as part of a long-term capital improvement program, and evaluate funding requirements and opportunities.
  - e) The ability of the Napa River Reclamation District No. 2109 to effectively quantify its capacity to serve additional development and new growth would be measurably strengthened by preparing an update to its sewer facilities plan.

Exhibit A

3. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:
  - a) The Napa River Reclamation District No. 2109 is under the land use authority of the County of Napa. Land located in the District is designated and zoned *Agriculture, Watershed and Open Space* and *Residential Single*, respectively. This zoning standard requires a minimum parcel size of 0.18 acres, which is consistent with existing lot sizes and limits additional subdivision and related growth from occurring in the District.
  - b) Land located outside and adjacent to the Napa River Reclamation District No. 2109 is designated by the County of Napa as *Agriculture, Watershed and Open Space*. This designation discourages the Commission from approving annexations to the District based on its policy to direct the extension of municipal services away from land designated agriculture or open-space under the County General Plan.
  - c) The population per household projection issued by the California Department of Finance for Napa County is an appropriate indicator to estimate the resident service population of the Napa River Reclamation District No. 2109. Making use of the current projection, the estimated resident service population of the District is 362.
  
4. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:
  - a) The ability of the Napa River Reclamation District No. 2109 to generate revenues for its sewer system has been constrained by a confined customer base. This confined customer base diminishes the District's ability to establish economies of scale with respect to spreading out service costs for the benefit of its constituents.
  - b) In the fiscal year evaluated (FY02-03), expenses for the Napa River Reclamation District No. 2109 for its sewer and limited reclamation services were in excess of its revenues. The District should make a concerted effort to examine its financial situation to rectify its cost-to-income relationship to avoid future shortfalls.
  - c) The Napa River Reclamation District No. 2109 is subject to significant fluctuations in its annual sewer service costs, which have contributed to past operating shortfalls. These shortfalls are symptomatic of the District serving a confined number of customers while maintaining an infrastructure system prone to repairs, improvements, and increasing regulatory standards.

5. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:
  - a) The Napa River Reclamation District No. 2109 benefits from cost-savings associated with its relationship with the Napa County Flood Control and Water Conservation District. This relationship provides the District with funding assistance and access to service equipment as needed.
  - b) The Napa River Reclamation District No. 2109 has been successful in obtaining outside funding from state and local agencies to help recover repair costs to its sewer system associated with a 2000 earthquake. These efforts have established important funding relationships for the District and have helped to minimize its use of cash reserves.
  - c) The Napa River Reclamation District No. 2109 has made a concerted effort to make preventative maintenance an emphasis as part of its sewer service operations. This includes cleaning all sewer lines every five years.
  
6. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:
  - a) Sewer services for the Napa River Reclamation District No. 2109 are primarily funded by a flat annual availability charge, which is assigned to all developed lots within its jurisdictional boundary. Revenue generated from this charge is currently limited to recovering operational costs.
  - b) The Napa River Reclamation District No. 2109's dependency on its flat annual availability charge to fund its sewer system underscores the importance for the District to ensure that this charge adequately recovers all operational costs while sufficiently funding reserves.
  - c) The Napa River Reclamation District No. 2109 does not have an adopted sewer connection fee. As part of an update to its sewer facilities plan, the District should consider establishing a reasonable connection fee to help recover capital improvement costs associated with serving new growth.
  
7. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:
  - a) Infrastructure for the City of American Canyon's sewer system is in general proximity to the Napa River Reclamation District No. 2109. This proximity indicates that the District could contract for sewer services from American Canyon if connection under the Napa River could be established.

Exhibit A

- b) Shared arrangements that result in the extension of municipal services outside a public agency's jurisdictional boundary requires Commission approval pursuant to California Government Code §56133.
  - c) The Napa River Reclamation District No. 2109 should continue to consult with the Napa County Mosquito Abatement District regarding its sewer service operations. This will help to control vectors and vector-borne diseases within the Edgerly Island and Ingersoll communities.
8. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:
- a) The Napa River Reclamation District No. 2109 is the only public agency authorized to provide sewer service within its jurisdictional boundary.
  - b) LAFCO recently completed a governance study on the Napa River Reclamation District No. 2109. This governance study concluded that reorganizing the District into a community service district is the preferred option with respect to meeting the present and future needs of its constituents. It is unknown at this time whether the District or its constituency will pursue this reorganization option.
9. With respect to evaluation of management efficiencies [Government Code §56430(a) (8)], the Commission determines that:
- a) The Napa River Reclamation District No. 2109 provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. The District's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.
  - b) The Napa River Reclamation District No. 2109 should evaluate and establish performance measures that are consistent with the service needs and preferences of its constituents.
10. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:
- a) The Napa River Reclamation District No. 2109 makes reasonable efforts to maintain public dialogue with its constituents. This includes conducting regularly schedule meetings, posting special notices, and soliciting comments from constituents. These efforts help to facilitate local accountability and contribute towards public involvement in local governance.

Exhibit A

- b) The Napa River Reclamation District No. 2109 is governed by a five-member board of trustees. Directors serve voluntarily and are elected by and accountable to the landowners in the District.
- c) The Napa River Reclamation District No. 2109 should make a concerted effort to consult both landowners and non-landowners that reside in the District to ensure that service information is being effectively communicated to all interested parties.
- d) The long-term effectiveness and solvency of the Napa River Reclamation District No. 2109 is dependent on its constituents recognizing that they are accountable to fund and govern the District.

**RESOLUTION NO. \_\_\_\_**

**RESOLUTION OF  
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY  
MAKING DETERMINATIONS**

**COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS  
SERVICE REVIEW  
SPANISH FLAT WATER DISTRICT**

**WHEREAS**, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

**WHEREAS**, the Commission adopted a schedule for service reviews on October 11, 2001; and

**WHEREAS**, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public sewer service in Napa County, which includes territory served by the Spanish Flat Water District; and

**WHEREAS**, pursuant to its adopted schedule, the Commission held a public meeting on the “Comprehensive Study of Sanitation/Wastewater Treatment Providers”, including the review of the Spanish Flat Water District’s sewer services, on October 3, 2005; and

**WHEREAS**, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at its public meeting on October 3, 2005 and at meetings of the Commission on June 5, 2006 and August 7, 2006; and

**WHEREAS**, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER** as follows:

**COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS  
SERVICE REVIEW  
SPANISH FLAT WATER DISTRICT**

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
  
2. The Commission adopts the statement of determinations set forth in "Exhibit A," which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 7<sup>th</sup> day of August, 2006, by the following vote:

AYES:           Commissioners           \_\_\_\_\_

NOES:           Commissioners           \_\_\_\_\_

ABSTAIN:       Commissioners           \_\_\_\_\_

ATTEST:       EXECUTIVE OFFICER

Clerk of the Commission

By: \_\_\_\_\_

## **EXHIBIT A**

### **COMPREHENSIVE STUDY OF SANITATION/WASTEWATER TREATMENT PROVIDERS SERVICE REVIEW SPANISH FLAT WATER DISTRICT**

#### **STATEMENT OF DETERMINATIONS**

1. With respect to general policies [Government Code §56430], the Commission determines that:
  - a) Determinations adopted by the Commission as part of the *Comprehensive Water Service Study* regarding the Spanish Flat Water District remain valid and appropriate.
  
2. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
  - a) The Spanish Flat Water District operates two sewer systems that serve two distinct and non-contiguous communities, Spanish Flat and Berryessa Pines. Both sewer systems collect and provide secondary treatment of wastewater. Treated wastewater at Spanish Flat is discharged through spray irrigation on District-owned lands and at the Monticello Public Cemetery. Treated wastewater at Berryessa Pines is discharged into one of two storage ponds for evaporation. These are elevated levels of sewer service that are regulated by the California Regional Water Quality Control Board.
  - b) Based on current operations, the Spanish Flat Water District's sewer systems have adequate collection, treatment, and discharge capacities to meet existing service demands within its jurisdiction under normal conditions. However, the District does not have any records identifying the design capacities for either sewer system. This prevents the District from accurately estimating its capacity to serve new growth for either of its two service communities.
  - c) The Spanish Flat Water District should commit to monitoring and recording its daily sewer flow amounts in order to more effectively coordinate and plan system maintenance, repair, and improvement projects.
  - d) The Spanish Flat Water District requires comprehensive facilities plans for its sewer systems at Spanish Flat and Berryessa Pines. These plans should evaluate the adequacy of existing facilities to meet present and future system demands, offer recommendations as part of long-term capital improvement programs, and evaluate funding requirements and opportunities.

Exhibit A

- e) The ability of the Spanish Flat Water District to effectively quantify its capacity to serve new growth would be measurably strengthened by preparing comprehensive facilities plans for both of its sewer systems.
  - f) Central components of the Spanish Flat Water District's sewer systems have been in operation since the early 1960s. The age of these systems underscores the importance for the District to emphasize preventive maintenance to help ensure their continued safe and effective operation.
3. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:
- a) The Spanish Flat Water District is under the land use authority of the County of Napa. The District's primary service areas, Spanish Flat Woodlands, Spanish Flat Mobile Vila, and the Berryessa Pines, are designated *Rural Residential* with a mixture of agricultural, commercial, and residential zoning standards. These zoning standards provide minimum parcel densities that are generally consistent with existing lot sizes, which limits additional subdivision and related growth from occurring in the District.
  - b) Land located outside and adjacent to the Spanish Flat Water District is designated by the County of Napa as *Agriculture, Watershed and Open Space*. This designation discourages the Commission from approving annexations to the District based on its policy to direct the extension of municipal services away from land designated agriculture or open-space under the County General Plan.
  - c) The Spanish Flat Water District serves two distinct service populations. This includes full-time residents located within the Spanish Flat and Berryessa Pines communities and part-time residents located at the Spanish Flat Resort.
  - d) The population per household projection issued by the California Department of Finance for Napa County is an appropriate indicator to estimate the resident service population of the Spanish Flat Water District. Making use of the current projection, the estimated year-round and part-time resident service populations of the District are 403 and 579, respectively.
4. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:
- a) The ability of the Spanish Flat Water District to generate revenues has been constrained by confined customer bases. These confined customer bases diminish the District's ability to establish economies of scale with respect to spreading out sewer service costs for the benefit of its constituents.

Exhibit A

- b) In the fiscal year evaluated (FY03-04), expenses for the Spanish Flat Water District for its sewer and water service operations were in excess of its revenues. The District should make a concerted effort to examine its financial situation to rectify its cost-to-income relationship to avoid future shortfalls.
  - c) The Spanish Flat Water District is subject to significant fluctuations in its annual sewer service costs, which have contributed to past operating shortfalls. These shortfalls are symptomatic of the District serving a confined number of customers while maintaining aging infrastructure systems prone to repairs, improvements, and increasing regulatory standards.
5. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:
- a) There are no obvious cost-avoidance opportunities for the Spanish Flat Water District under its present organizational structure.
6. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:
- a) Sewer services for the Spanish Flat Water District are primarily funded by a flat monthly availability charge, which is assigned to all developed lots within its jurisdictional boundary. Revenue generated from this charge is currently limited to recovering operational costs.
  - b) The Spanish Flat Water District's dependency on its flat monthly availability charge to fund its sewer systems underscores the importance for the District to ensure that this charge adequately recovers all operational costs while sufficiently funding reserves.
7. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:
- a) Based on proximity and similar service operations, the Spanish Flat Water District should explore shared arrangements with the Napa-Berryessa Resort Improvement District.
  - b) The Spanish Flat Water District should consult with the Napa County Mosquito Abatement District regarding its sewer service operations. This will help to control vectors and vector-borne diseases within the Spanish Flat and Berryessa Pines communities and the Spanish Flat Resort.

8. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:
  - a) The Spanish Flat District is the only public agency authorized to provide sewer service within its jurisdictional boundary.
  - b) As part of the *Comprehensive Water Service Study*, the Commission determined the need for a governance study to evaluate the options and merits of reorganizing the Spanish Flat Water District. This includes examining the merits of consolidating the District with the Lake Berryessa Resort Improvement District and the Napa-Berryessa Resort Improvement District to establish economies of scale and formalize service provision in the Lake Berryessa area. It is expected that this governance study will be completed prior to the next scheduled service review of all three districts.
  
9. With respect to evaluation of management efficiencies [Government Code §56430(a) (8)], the Commission determines that:
  - a) The Spanish Flat Water District provides a summary of past and projected revenues and expenditures relating to its sewer service operations as part of its annual budget. The District's budget process is conducted in an open and transparent manner and provides a clear directive towards staff with regard to prioritizing agency resources.
  - b) The Spanish Flat Water District should evaluate and establish performance measures that are consistent with the service needs and preferences of its constituents.
  
10. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:
  - a) The Spanish Flat Water District makes reasonable efforts to maintain public dialogue with its constituents. This includes conducting regularly schedule meetings, posting notices, and soliciting comments from constituents. These efforts help to facilitate local accountability and contribute towards public involvement in local governance.
  - b) The Spanish Flat Water District is governed by a five-member board of directors. Directors serve voluntarily and are elected by and accountable to the landowners in the District.
  - c) The Spanish Flat Water District should make a concerted effort to consult both landowners and non-landowners that reside in the District to ensure that service information is being effectively communicated to all interested parties.

Exhibit A

- d) The long-term effectiveness and solvency of the Spanish Flat Water District is dependent on its constituents recognizing that they are accountable to fund and govern the District.